

## **OUR TOP 4 WAYS RESTAURANTS CAN CHANGE AND GROW TO ADAPT TO THE CHALLENGES OF THE PAST YEAR.**

The Covid-19 pandemic showed us that being able to adjust – quickly – is important to stay in business and thrive.

But even before that, the restaurant industry was slowly changing. And now, since the pace of these changes has gotten faster, there are opportunities for restaurants to think differently and come back stronger, more nimble, and with more loyal customers.

Here are four things every restaurant owner should consider:

1. Embrace technology at every step of the customer's journey
2. Consider if a retail component is right for your restaurant
3. Expand with a Ghost Kitchen
4. Add a Drive Thru

### **1. EMBRACE TECHNOLOGY AT EVERY STEP OF THE CUSTOMER'S JOURNEY**



Actually, no. Don't just **embrace** technology. **Become a total technology junkie.**

When it comes to forward-thinking technology solutions, there's traditionally been a gap between the restaurant industry and other industries. But more and more, restaurant customers are expecting the type of effortless technology that they use in other areas of their lives.

Think of how easy it is to buy something online. Just a couple of clicks, and boom – done! Because of this, we consumers are increasingly becoming less patient – we expect things easily and quickly, and we won't hesitate to order from somewhere else next time if a certain store didn't meet our expectations.

Same goes for scheduling a doctor appointment. If your doctor uses a service like MyChart, all you have to do is open the app and tap a couple of buttons to request an appointment.

What does this all mean for restaurants?

It means that these same consumers who are used to the Amazon experience – super fast ordering, tons of reviews, and quick delivery – are expecting that type of experience in restaurants too.

We're not just talking about having a website with your menu on it. That's the absolute bare minimum that restaurants need to do these days.

No, we're talking about technology at **each step of the process**. The pandemic may have dramatically sped up the need for solutions like contactless payment and super easy curbside pickup, but things were headed that way anyway – and it's what your customers want and expect.

So, consider digitizing the customer experience for:

### **CARRYOUT AND DELIVERY ORDERING**

Ordering online for takeout or delivery should be a snap for your customers. And for most restaurants, investing in your own online ordering platform is a better option than relying on third-party delivery services like Uber Eats and GrubHub, since these services charge commissions ranging from 15-30%.

That's a big chunk of revenue for any business, but especially one with thinner profit margins like restaurants. Third-party apps even charge commissions for orders that customers pick up themselves!

Setting up your own online ordering system allows you to recapture that revenue, and also gives you the ability to use your customers' ordering data to send them special offers later. And **customers prefer it too**: according to a study by Toast, 82% of customers would prefer to order directly from a restaurant's website.



Customers prefer ordering directly from a restaurant's website rather than ordering from a third-party delivery app.

## DINE-IN ORDERING

Why should people getting takeout have all the fun?

Imagine your customers being in control of their dine-in experience and being able to order from their table when they're ready. No waiting, no trying desperately to make eye contact with a server to let them know they're ready...they just pull out a phone and place their order.

Fast-food and fast casual restaurants have had ordering kiosks for a long time, but full service restaurants typically haven't. It would be smart to consider, though, because **it's what customers want**. In a 2020 survey, **84%** of customers said that technology for ordering at the table is either extremely or somewhat important to them.



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Some of that is due to the pandemic, but with the added convenience and speed that customers are looking for, we should expect this to be the norm going forward.

### **PAYMENT (BOTH MOBILE PAYMENTS AND AT THE TABLE)**

Mobile payment options offer the ultimate in convenience for a lot of customers. Being able to pay through an app or a mobile wallet like Apple Pay or Google Pay lets customers leave their actual wallet and credit cards at home. And it's more secure, because it also uses the security features in their phones, like face recognition and passcodes, and can't be skimmed. Pay-at-the-table technology also offers some big benefits – and not only because it promotes the contactless experience that customers are now looking for. And customers **are** looking for it: **86%** said pay-at-the-table technology is extremely or somewhat important to them.

This type of payment can save a lot of time for both servers and customers. The old-school way of paying adds 9 minutes per table. Minimizing that time means faster table turns for you, and less waiting time for customers. It's really a win-win!

Plus, servers can spend more time engaging customers so they feel welcome and valued, and less time running checks back and forth. It may even result in higher tips, because customers don't have to do the math themselves and can just tap a button to leave an appropriate tip.

## MARKETING

When you have your own online ordering system, there is **so much data** you can capture about your customers. And you can use that data to nurture your relationship with them and turn them into loyal, repeat customers!

Targeted email marketing campaigns can really pay off. One small-town restaurant was able to generate \$2300 in sales within a week of sending an email that showed its customers how to order online. **87%** of restaurant customers want to get promotions and coupons via email. Having data on your customers tells you what's working, what's not working, and lets you send them more personalized promotions.

Loyalty programs are another huge opportunity to use technology for marketing. Customers look for – and appreciate – loyalty programs that allow them to earn rewards and savings. A survey of diners about their post-Covid dining plans found that **28%** of them said it will be more important to receive rewards, and **66%** say rewards will be just as important to them as before. **That's a total of 94% who say that rewards programs are important!**

### 2. CONSIDER IF A RETAIL COMPONENT IS RIGHT FOR YOUR RESTAURANT

Retail offers a potential new stream of revenue for your restaurant, and there are a lot of ways you could incorporate it into your business model.

The most obvious way would be selling merchandise like wearables, branded mugs, and cookbooks. Selling merchandise can be a great way to strengthen your brand and increase your customers' loyalty, because wearing a shirt with your name and logo on it keeps you fresh in their minds – and it's free advertising for you.

But there are other, less obvious ways that you can build a retail component – and you can start by looking to your menu.

During the Covid-19 pandemic, some restaurants pivoted to selling food products similar to a grocery store. And even though that model may not be feasible (or desirable) for restaurants in the long term, there are some lessons we can take from it.

For example, is there a charcuterie plate on your menu? Could you sell charcuterie kits with the same ingredients, so that guests can make it at home? What about a cheese sampler? Or could you sell DIY cocktail kits so that customers can have fun making their favorite cocktails at home next time they have friends over? Maybe your restaurant is known for delicious biscuits or pastries – can you package those and sell them?

There are tons of ways you can get creative and sell a retail version of some of your menu items. And adding another possible source of revenue can help your business be more sustainable, especially in the event of another unforeseen roadblock.

### 3. EXPAND WITH A GHOST KITCHEN

“Ghost kitchen” is just a more fun way of saying “a restaurant that is strictly for takeout and delivery, with no dine-in option.” And if you have a strong brand with a loyal customer base,

it might be a great way to expand without taking on the full expense of opening up a new location.

Ghost kitchens have no serving staff, no front of house operations, and almost none of the space needs of traditional restaurants. They can even operate out of shared, rented kitchen spaces. So the startup costs are much lower, but you still have the opportunity to grow your brand and reach more customers.



You could use a ghost kitchen model to launch in a new geographic location, or you could even do a spin-off focused on a specialty menu, like the [example in this article](#) of the pizza place that started a milkshake spin-off.

Let's face it, there's a lot of competition for takeout and delivery right now. But if you already have an established brand – if customers already know and like you – they may be more likely to give your new concept a try! And if your restaurant is operating at reduced capacity, or if you're just looking for another way to grow, a delivery-only model might be a feasible way of increasing revenue.

There are also restaurants that are renting out their kitchens to other virtual restaurants – which is another possible way to make money without expanding physically.

The restaurant industry has certainly been challenged. But one thing that hasn't changed is people's desire for great food and service. The way you deliver those things may need to

a leg up compared to other businesses that aren't adapting and giving customers what they want, so think about these and other non-traditional ways that your business might be able to grow!

#### 4. ADD A DRIVE-THRU



With the increase in customers ordering takeout likely to stick around for a while, lots of restaurant owners are now wondering “can I add a drive through to my restaurant?” If you're thinking about adding a drive-thru, you're definitely not alone. In one survey, 38% of franchise owners said they have added a drive-thru because of the Covid-19 pandemic. It's definitely worth considering and doing some research on whether you can add a drive-thru. The benefits are obvious:

- It's more convenient
- It offers your customers a contactless way to enjoy your food – especially when you have a mobile payment option so that they don't even have to pay at the window.
- It's faster and you can increase volume without having to worry about speeding up table turns or adding more space

- It helps your staff feel safer too, because they are exposed to fewer people

Here are things to consider if you're thinking of adding a drive-thru:

- Zoning
- The siting of your building and whether there's enough room
- The interior of your restaurant and whether it would need to be reconfigured
- The costs you're willing to incur

Depending on where you're located and what the zoning regulations are, adding a drive-thru might be a challenge. A lot of municipalities limit the number of drive-thrus that are allowed, and some of them require a special permit to install a drive-thru. That means that you'll have to go through an entitlement process to get the approvals you need.

The other considerations are more about your physical space. Is there room for cars to form a line? Will it displace parking spots? Most municipalities have parking requirements, so even if drive-thrus are permitted, you'll have to figure out how you can put one in and still have the right number of parking spots.

Inside the restaurant, you'll need to evaluate how your current space flows and how you'll be able to dedicate space for separate drive-thru operations.

Drive-thrus have been controversial for a long time (some cities have even banned construction of new ones), but they've also become indispensable for restaurants during the Covid-19 pandemic. It remains to be seen whether local municipalities will loosen restrictions on them in response to the increased demand.

If you're located in an area where it may be possible to add a drive-thru, it's worth doing your homework because it's another thing that customers are looking for.



The restaurant industry has certainly been challenged. But one thing that hasn't changed is that people still want great food and service! The way you deliver those things may need to change, but being open to change is part of being a restaurant owner.

Being flexible gives you a leg up compared to other businesses that aren't adapting and giving customers what they want, so think about these and other non-traditional ways that your business might be able to grow!